

## Message Text

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PAGE 01 SANTIA 07541 072115Z

13-12

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 PA-02 PRS-01 /069 W

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R 071941Z NOV 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WAHDC 5606

UNCLAS SANTIAGO 7541

E.O.11652: N/A

TAGS: AFSP, ALOW, AFIN, CI, ECON

SUBJ: INFLATION IN OCTOBER

REF: SANTIAGO 6708

1. ACCORDING TO NATIONAL STATISTICAL INSTITUTE (INE), OCTOBER WAS CHILE'S LOWEST INFLATION MONTH OF 1975 WITH A CONSUMER PRICE INDEX (CPI) INCREASE OF ONLY 8.4 PERCENT. THIS IS THE FOURTH CONSECUTIVE MONTH WITH INFLATION RATES OF LESS THAN 10 PERCENT.

2. THE INCREASE BY SECTORS ARE\* FOOD, 9.7 PERCENT; HOUSING 5.7 PERCENT; CLOTHING 9.5 PERCENT; AND MISCELLANEOUS 6.4 PERCENT. INE HEAD CHAPARRO COMMENTED THAT TRADITIONALLY OCTOBER IS THE MONTH EXPERIENCING HIGHEST SEASONAL RISE IN FRESH FOODS. HE COMPARED THE 8.4 PERCENT OF OCTOBER 1975 WITH 18.9 PERCENT REGISTERED FOR OCTOBER 1974.

3. FOR FIRST TIME SINCE MARCH 1975 EARLY INFLATION RATE (280.4 PERCENT) IS LOWER THAN THAT OF COMPARABLE PERIOD FOR 1974 (307.3 PERCENT). THE TWELVE MONTH MOVING AVERAGE, WHICH IS A BETTER INDICATOR, NOW SHOWS DECREASE FOR THE FIFTH CONSECUTIVE MONTH, MOVING FROM 427.9 PERCENT FOR MAY TO 344.4 PERCENT FOR OCTOBER.

4. COMMENT:  
THE PERFORMANCE OF THE PAST FOUR MONTHS CONSTITUTES PERSUASIVE  
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PAGE 02 SANTIA 07541 072115Z

EVIDENCE THAT THE GOCJS ANTI-INFLATION POLICIES ARE TAKING HOLD..  
WE NOTE, TOO, THAT IN PAST YEARS, NOVEMBER AND DECEMBER HAVE

TENDED TO BE LOW INFLATION MONTHS. IN 1974 THE FIRST AND  
THIRD LOWEST YEARLY RATES WERE REGISTERED IN NOVEMBER AND  
DECEMBER. IT MIGHT WELL HAPPEN THAT THE GOC GOAL OF 5 PERCENT  
INFLATION PER MONTH COULD BE ATTAINED IN THOSE MONTHS IN 1975.  
IF THIS DOES HAPPEN CHILE'S INFLATION FOR 1975 WOULD AMOUNT TO  
320PERCENT.  
POPPE

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